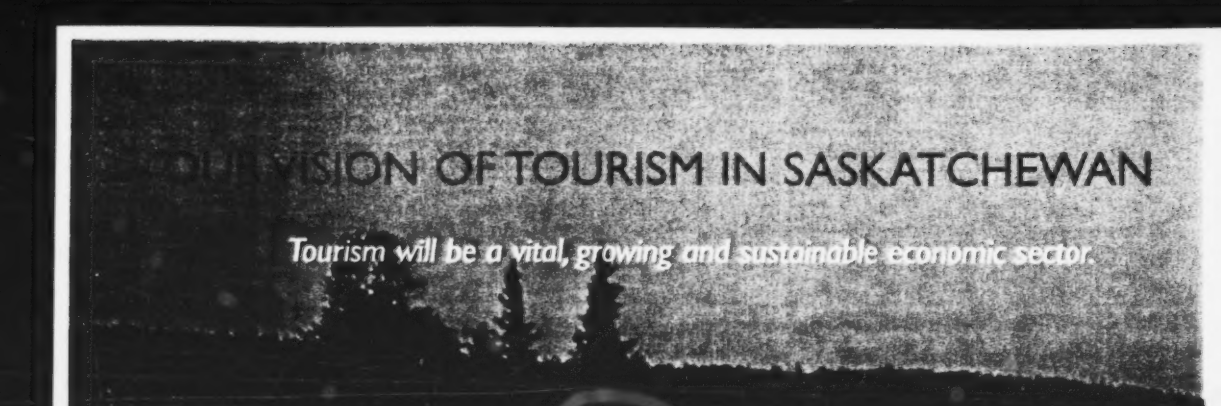
TOURISM

SASKATCHEWAN

2001/2002

ANNUAL REPORT



OUR VISION OF TOURISM IN SASKATCHEWAN

Tourism will be a vital, growing and sustainable economic sector.

VALUES OF TOURISM SASKATCHEWAN

- *We believe in providing leadership through excellence in marketing and developing Saskatchewan's tourism potential.*
- *We believe in the power of teamwork, while respecting individual differences.*
- *We believe in conducting ourselves responsibly and with integrity in all endeavors.*
- *We believe in accountability, loyalty and commitment to our partners, our members and ourselves.*
- *We believe in responding creatively to member needs and business opportunities.*
- *We believe in contributing to the social, environmental and economic well-being of our province.*
- *We believe that the wisdom of Elders can provide us with guidance in the appreciation of our natural heritage.*
- *We believe in adapting enthusiastically to future challenges and opportunities.*

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MESSAGE FROM THE GOVERNMENT

"Tourism is on track to meet the target of $1.5 billion in travel spending by 2005."

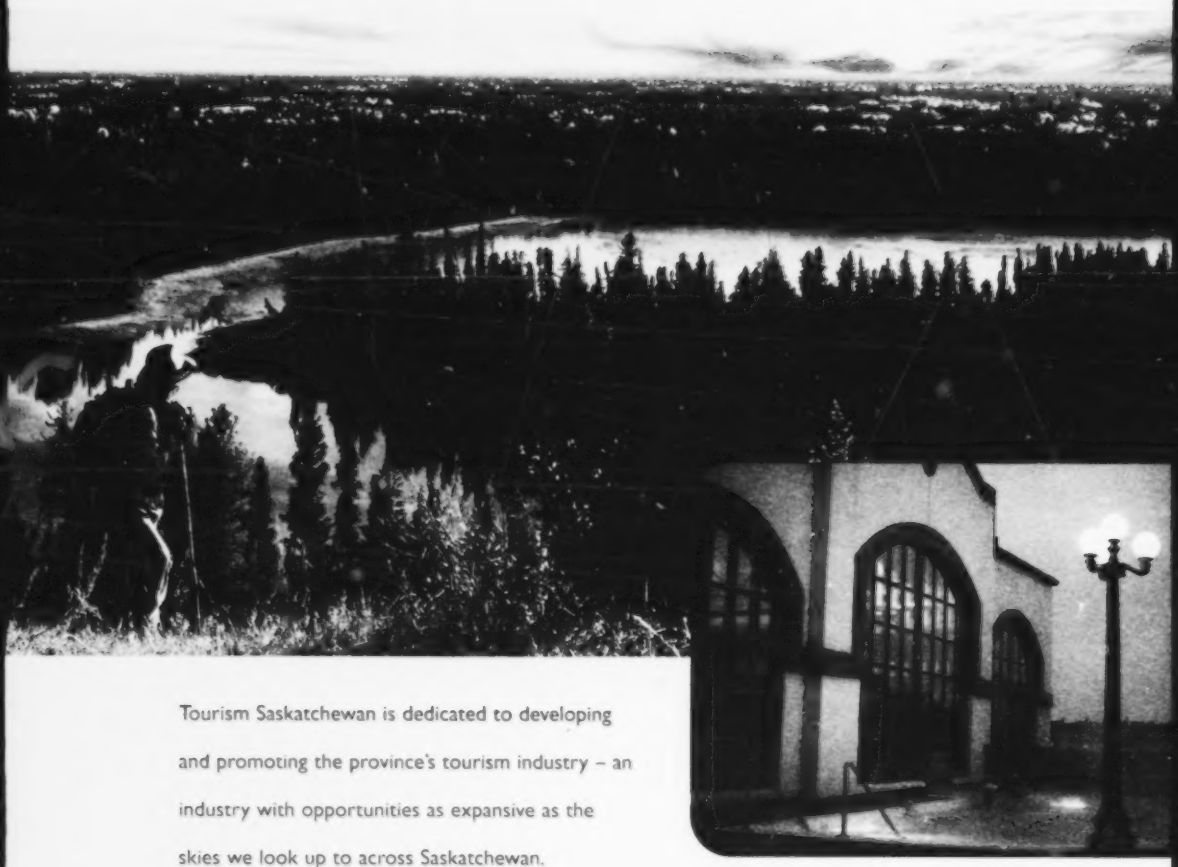
The past year presented unexpected challenges for the international tourism industry. Here in Saskatchewan, our industry held its own through these unusual times. We welcomed back many of our regular visitors and opened our doors to new travellers to our province – all enjoying our friendly and safe cities and towns and our peaceful, wide open spaces.

At the close of Tourism Saskatchewan's eighth year of operation, it is apparent that this industry/government model is a success – with travellers spending $1.3 billion in our province and more than 22,000 jobs wholly supported and nearly 40,000 further jobs partially supported by tourism across the province. All indications are that the creation of our provincial tourism organization was a very positive step for the industry it represents and for the province as a whole. Tourism is on track to meet the target of $1.5 billion in travel spending by 2005.

The provincial government and, in particular, Industry and Resources, look forward to furthering the industry/government relationship and building new initiatives together with the tourism industry.

Eldon Lautermilch
Minister of Industry and Resources

CORPORATE PROFILE



Tourism Saskatchewan is dedicated to developing and promoting the province's tourism industry – an industry with opportunities as expansive as the skies we look up to across Saskatchewan.

Since its inception in 1994, the organization's mandate has broadened and taken shape. Today, working with the members of our industry, the provincial government and other partners, we carry out a variety of programs and initiatives across a range of areas – marketing, education and training, membership and visitor services, product development, research, information/technology, and more – to support tourism business growth and economic development.

These efforts draw visitors to our province, and enhance and support the services they require, as they explore our varied landscapes and cultures, learn our unique history, and meet our people – all under the canopy of Saskatchewan's living skies.

CHAIRMAN'S MESSAGE

"We will continue to ask questions, seek new ideas and look to a renewed approach..."

It has been a year of review and discussion for the Tourism Saskatchewan Board of Directors. We have worked on developing industry direction to ensure we are positioned to take best advantage of future opportunities like Saskatchewan's centennial and major industry events like Rendez-vous Canada in Saskatoon – both in 2005.

We will continue to ask questions, seek new ideas and look to a renewed approach as we strive to offer broad direction for Saskatchewan's tourism industry. Key to this approach is the development of stronger partnerships within tourism and beyond, as well as the board's ongoing commitment to providing leadership to our industry.

There were a large number of new directors on our board this past year. These individuals brought new ideas and perspectives to the table and represented tourism well. I would like to thank each of them for their commitment and contribution. The board wholly supports the management and staff of Tourism Saskatchewan, and we thank them for their efforts and dedication of the past year.

Bruce Eaton
Chairman

Board of Directors As of September 30, 2002

DIRECTOR	APPOINTED BY	DIRECTOR	APPOINTED BY
Bruce Eaton, Chair	*Tourism Saskatoon*	Vance McNab	*Federation of Saskatchewan Indian Nations*
Janet Olsen, Vice Chair	*Parkland Regional Tourism Associations*	Hal Sanders	*Government of Saskatchewan*
Guy Bouvier	*Metis Nation of Saskatchewan*	Barb Selsky	*Elected at large*
Sheila Brown	*Saskatchewan Outfitters Association*	Larry Spannier	*Government of Saskatchewan*
Rob Campbell	*Elected at large*	Vacant	*Elected at large*
Gene Davis	*Prairie Regional Tourism Associations*	Steve Vallevand	*Hotels Association of Saskatchewan*
Greg Dionne	*Forest Regional Tourism Associations*	Brian Zawacki	*Tourism Regina*
Claude-Jean Harel	*Heritage/Arts/Multicultural*		

PRESIDENT'S MESSAGE

"With a stringent focus on fiscal management, we effectively met the business obligations of the past year, while also planning for the mid-term needs of industry, and retiring Tourism Saskatchewan's net deficit."

We entered the 2001/02 fiscal year with the global tourism industry in shock. The impacts of September 11 meant that recognition of the economic significance of tourism reached new levels. As destinations fight to re-establish business levels, global investment by industry has skyrocketed.

Our industry in Saskatchewan cannot spend its way into the market, but we are well positioned, nonetheless. Our market positioning is the result of steady and consistent investment in mid-term initiatives, which will continue to provide for steady and consistent growth - key to a healthy industry. The trends that drive our positioning and contribute to industry growth in Saskatchewan were simply amplified by September 11.

With the mid-term in mind, we effectively met our core obligations over 2001/02. Industry programs were delivered, visitor and membership services were provided. In addition, strategic investments were made in key non-resident markets, in labour force development, in industry supporting technology, and in the further development of our tourism product.

Each of these investments is key to growing our tourism business here in our province. With a stringent focus on fiscal management, we effectively met the demands of these investments and business obligations of the past year, while also planning for the mid-term needs of industry, and retiring Tourism Saskatchewan's net deficit.

On behalf of our industry, thanks are extended to the Government of Saskatchewan and specifically Minister Eldon Lautermilch and his staff at Industry and Resources. Their ongoing support through the core funding agreement, as well as in the many other areas where we continue to work together, is critical to our organization and the service we provide to industry and our visitors.

Finally, congratulations to our industry members for their efforts and achievements. The focus and dedication of our management and staff, supported by the leadership of our board of directors, are expended on your behalf.

Roy Anderson
President and Chief Executive Officer

THE INDUSTRY

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Who We Are

The tourism industry in Saskatchewan is the northern outfitter, the b&b owner who's diversifying the farming operation…

It's the heritage interpreter leading nature tours at a provincial park, the volunteer serving lunch at a small town agricultural fair, the student manning the local tourist information booth…

It's also the investors and developers behind a major attraction, the organizers and sponsors of a huge annual event…

In short, tourism is all kinds of businesses and all kinds of people involved in our industry in a variety of ways.

How We're Doing

The past year was marked by the events of September 11, which at once both challenged the tourism industry and raised its profile on the international stage. Some basic characteristics of our industry - Saskatchewan is seen as a safe, non-traditional destination - means we weren't affected to the same extent as other jurisdictions. Tourism Saskatchewan maintained its mid-term strategy and did not shift focus following 9-11. Overall, our industry faired well in the aftermath, as the following statistics indicate:

- *After making a significant jump from $1.1 billion in 1999 to $1.3 billion in 2000, total traveller expenditures in Saskatchewan were maintained in 2001 at $1.3 billion. Preliminary indicators for 2002 suggest a similar expenditure level. Given the impacts of September 11, 2001, and the slowing of the global economy, Saskatchewan did well to maintain these travel spending levels.*

- *In August 2002, over 22,000 jobs in Saskatchewan were wholly supported by tourism. Further, roughly 40,000 additional jobs were partially supported by tourism, to a total of nearly 61,000. This equals peak tourism employment seen in 1999 and shows significant longer-term growth from the 46,000 wholly and partially tourism-supported jobs in Saskatchewan in 1993.*

- *To the end of August 2002, 134,680 United States residents had entered the province at a Saskatchewan border point. This is a decrease of almost 3% from the same period in 2001, which is reasonable when compared to the 10% decrease seen nationally.*

- *Between January and August 2002, the number of Saskatchewan residents travelling out of the province compared to visitors coming in, our travel deficit, continued to decline. A total of 168,179 Canadians returned from the United States at a Saskatchewan border point, a decrease of 13% from 2001 levels, and considerably less than the peak of 698,000 outbound Canadian residents in 1991. A positive trend.*

- *From January to August 2002, hotel occupancies in Saskatchewan remained relatively consistent from the same period in 2001. Occupancies in Regina averaged 60.8%, those in Saskatoon were at 62.5%, and those in other parts of Saskatchewan were 50.9%.*

- *From January to August 2002, inquiries to Tourism Saskatchewan (both traditional and Internet) rebounded by 7.7% (484,240) over the same period in 2001. This is a positive trend as inquiry levels are driven by investment levels, which continue to be pressured.*

Industry did much to generate travel growth in the past year. In addition to Tourism Saskatchewan's activities, millions of additional dollars were spent in development, including the marketing investments made by businesses and communities and numerous small and large construction projects. The following points provide a glimpse of how aggressively our industry pursued business:

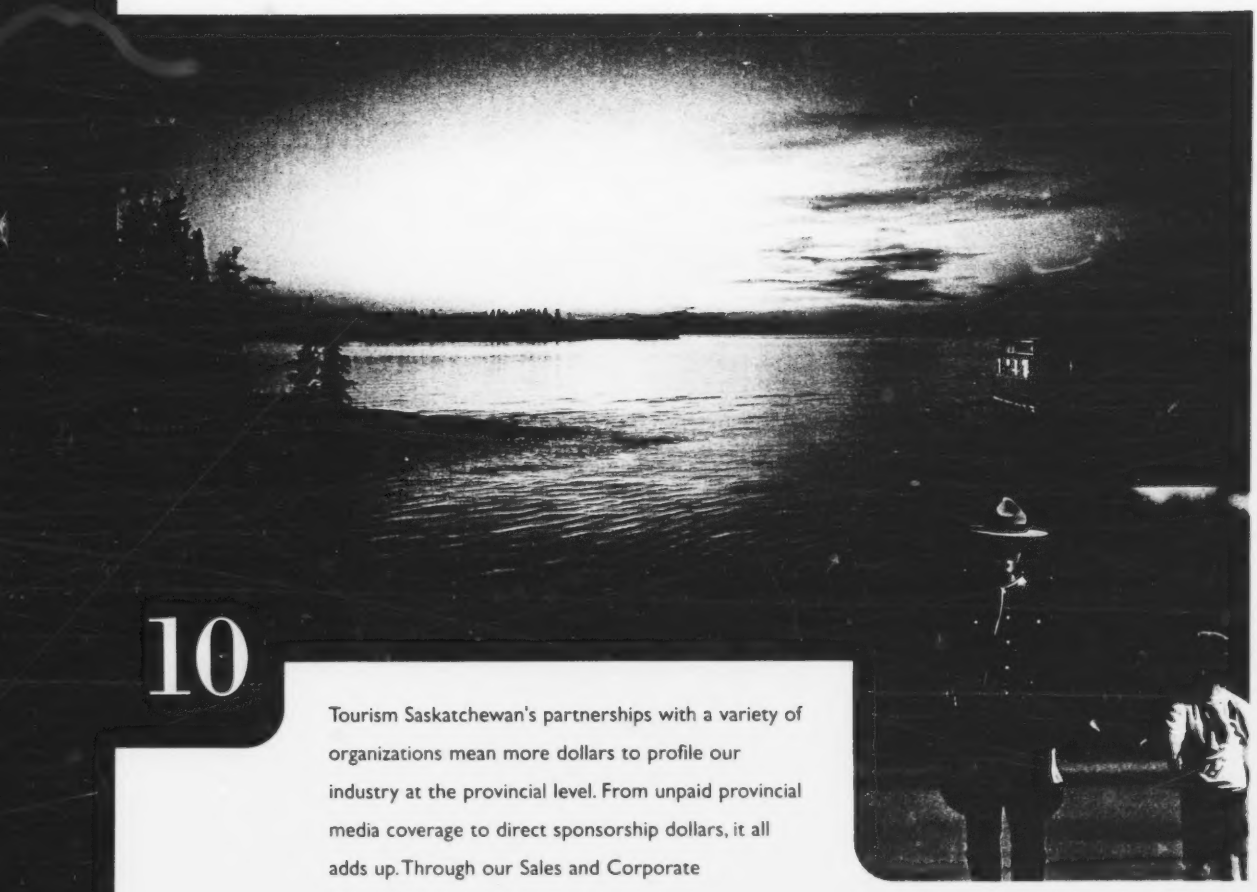
- *The Saskatchewan Outfitters Association indicates that its members spent about $3 million on marketing.*

- *Saskatchewan's provincial parks made capital investments that totalled $4 million.*

- *Tourism Regina and Tourism Saskatoon promote their cities with total annual budgets of about $1 million each, and the five rural tourism regions operate under a total combined budget of $2.4 million. All seven generate additional revenue through partnership activities.*

- *Some examples of major tourism construction projects in the province include the $24 million expansions at Casino Regina completed in fall 2001, the new $12.5 million Casino Moose Jaw, which was accompanied by further expansions at Temple Gardens Mineral Spa, $2.9 million in expansion and upgrades at the Beefeater Inn in Estevan that began in summer 2002 and a range of large and small enhancements by industry across the province.*

OTHER AVENUES OF SUPPORT



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Tourism Saskatchewan's partnerships with a variety of organizations mean more dollars to profile our industry at the provincial level. From unpaid provincial media coverage to direct sponsorship dollars, it all adds up. Through our Sales and Corporate Development department:

- *Close to $900,000 in unpaid media support was provided to industry stakeholders (including newspaper, newspaper insert, magazine, radio, milk carton and coupon advertising).*

- *Our partners contributed over $80,000 in cash to Tourism Saskatchewan under new agreements signed in 2002.*

- *Partners and suppliers have contributed more than $75,000 in product or services to Tourism Saskatchewan through contra agreements where we provided such things as remnant space for advertising in our travel guides or in web banners.*

TOURISM SASKATCHEWAN

What We Do

As the provincial organization for the tourism industry, Tourism Saskatchewan conducts a broad range of activities. Briefly put, these include:

- *Marketing the province as a destination of choice on a provincial, national and global level, through attendance at travel marketplaces, advertising campaigns and organized tours in the province by members of the travel trade and travel media.*

- *Providing support in the development of the tourism industry's businesses, attractions and events, it's communities and regions, and its workforce.*

- *Addressing the tourism industry's education and training needs through the activities of the Saskatchewan Tourism Education Council (STEC), a division of Tourism Saskatchewan.*

- *Working closely with five rural tourism destination regions and the city marketing organizations of Regina and Saskatoon to ensure the industry's sustained growth and development.*

- *Producing and distributing professional travel literature, which is provided in response to requests from potential visitors from around the globe.*

- *Providing direct, person-to-person travel information, through our nationally certified Travel Counsellors, via our toll-free telephone line and directly to drop-in visitors.*

- *Offering people around the world immediate information on the province's many attractions and events, with links to an extensive array of tourism operators, through our website.*

- *Gathering and researching travel statistics, used to improve the effectiveness of our own activities and publications, as well as to help inform industry operators in their decision making.*

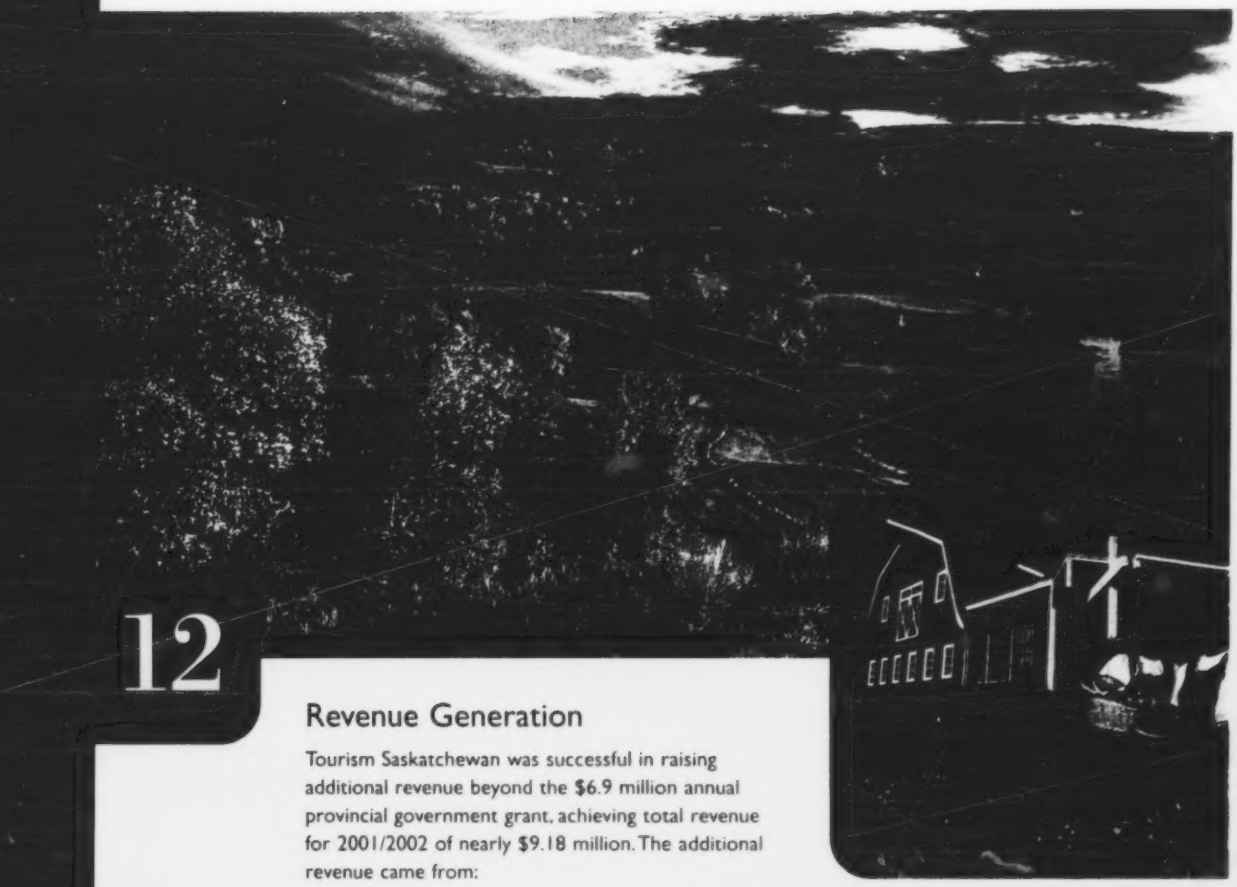
- *Acting as an information source in the development of new and expanded tourism operations, as well as for communities developing tourism strategies.*

- *Creating and maintaining an extensive package of member benefits, as well as an integrated membership system with regions and cities.*

- *Organizing and hosting a variety of events for members, industry and partners.*

- *Keeping the tourism industry, partners and government informed through a bi-monthly newsletter, annual business plan, annual report and other ongoing communications vehicles, and raising awareness and knowledge about tourism among residents.*

- *Offering advertising opportunities to tourism operators, industry suppliers and other partners, through annual publications and promotional pieces.*



Revenue Generation

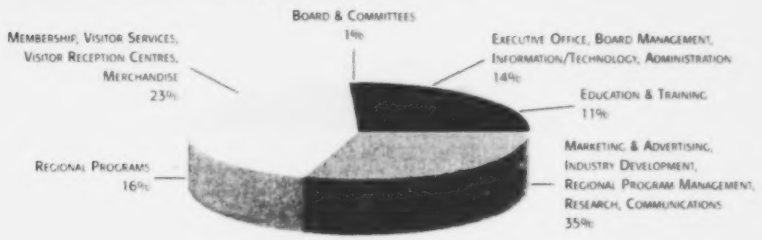
Tourism Saskatchewan was successful in raising additional revenue beyond the $6.9 million annual provincial government grant, achieving total revenue for 2001/2002 of nearly $9.18 million. The additional revenue came from:

- *$473,452 in other grants and contributions*
- *$532,669 from partnerships, including additional marketing funds made available at the national level following 9-11*
- *$730,732 for education and training initiatives from external funding programs*
- *$262,527 generated through advertising sales*
- *$49,890 from merchandise sales*
- *$126,541 for sales of listings in travel publications*
- *$57,941 raised through memberships in Tourism Saskatchewan*
- *$28,223 in interest and other earnings*

Expenditures

Tourism Saskatchewan alocates its annual budget across a broad range of strategic initiatives and programs.

Tourism Saskatchewan Expenditures 2001/2002



Marketing Saskatchewan

With new technology comes new ways to market our province as a tourism destination. Following an overall web strategy assessment, Tourism Saskatchewan began work on its new website in spring 2002. Partner support and funding for this 18 month project was provided under the Canada - Saskatchewan Western Economic Partnership Agreement (WEPA). Our information technology team is working to:

- *Re-engineer databases.*
- *Transfer the existing website to a new, dynamic database-driven platform.*
- *Secure and integrate mapping technology.*
- *Co-ordinate activities with the five rural Tourism Destination Regions (TDRs), Tourism Saskatoon and Tourism Regina, whose sites will share access to the databases and mapping technology.*

The challenge for marketers is to balance these new requirements – we must have an effective Internet presence – against another must: continuing to build momentum through our traditional marketing functions. These included:

- *Attending, with industry partners, more than 20 tourism marketplaces in Canada, the U.S., Germany, Japan, the United Kingdom and the Netherlands.*
- *Working with travel writers and broadcasters to generate free coverage of Saskatchewan in magazines and newspapers and on television shows. This past year, 43 individuals and groups of travel media made trips to various locations around the province.*
- *Leveraging an additional $350,000 for advertising, made available in the wake of 9-11, when both the Canadian Tourism Commission (CTC) and the Tourism Alliance for Western and Northern Canada (TAWNC) invested additional dollars in marketing. The additional funds generously supplemented our year's advertising budget of about $1 million.*
- *A much-enhanced Tourism Saskatchewan campaign to raise awareness of tourism as a critical economic sector and to generate increased resident interest in travel "at home," during Tourism Awareness Week at the start of June 2002. Information kits went out to community leaders and news media across the province. An RV tour took the tourism message to points around Saskatchewan. The new "Snap It!" photo contest was launched, as well – more than 1,600 entries poured in over the summer.*

Developing our Offering

In the past year, a new department was formed at Tourism Saskatchewan comprised primarily of existing team members. Industry Development came into existence to provide enhanced emphasis on developing our tourism industry across the province. This involves everything from product development to regional and community-based support and the development of our tourism industry's knowledge base.

Department activities are, in many cases, in the planning and development stages. However, in its first year, Industry Development worked to put its team in place and began strategic planning around integrating the new department's various functions while maintaining existing activities and responsibilities. It also worked to enhance relationships with key sector associations in response to the findings and recomendations of our industry partnership strategy (partnership masterplan).

Additionally, the Product Development area worked on a new Internet Marketing Guide, to add to its two existing guides on business and community development, and provided significant advisory support to tourism operations.

Vital and Strong

...that describes tourism, but not without the vitality and strength of its workforce. Key initiatives undertaken by the Saskatchewan Tourism Education Council – the education and training division of Tourism Saskatchewan – in the past year include:

- *The largest and most successful Tourism Careers for Youth training project in Canada, with 625 participants – of which 80% completed classroom training, 80% either found long-term work in tourism or returned to school, and 83% were Aboriginal.*

- *Developing partnerships that provide additional resources and investment in tourism training.*

- *A record number enrolled in Standards and Certification, totalling 368 – a 26% increase from the previous year and one of the highest enrollment rates in the country.*

- *Participation in 29 career fairs that involved a total of 21,250 individuals, and 43 presentations on tourism career awareness to over 1,100 people.*

- *Developing partnerships with regional colleges and the Saskatchewan Institute of Applied Science & Technology in order to make our internationally recognized customer service program more widely available throughout the province.*

Serving our Visitors

On a daily basis, our nationally certified Travel Counsellors talk to people from around the globe interested in Saskatchewan. There is no telling what question awaits them, each time they pick up the phone! Thus, they must have broad-ranging knowledge and second-to-none service skills.

To ensure our Visitor Services team represents the industry well, we make sure our counsellors see at least a little of the province each year. This past summer, they visited a host of tourism businesses and attractions throughout Grasslands National Park, and in the Meadow Lake and Lake Diefenbaker areas.

Increasingly, inquiries reach us via email. Over the past year, these staff members received training in electronic travel counselling skills. As key users, they also were involved in the development of new databases, which they use extensively to serve inquirers. Our potential visitors also benefit directly, via our website, from database and mapping upgrades initiated over the past year.

Member Matters

Through the work of staff in the Tourism Destination Areas and City Marketing Organizations, and our own Membership area employees, 95 per cent of members from the previous fiscal year renewed their memberships. As well, our shared efforts increased Tourism Saskatchewan membership to 2,079 at the close of this fiscal year.

Annual Member Events

Each year Tourism Saskatchewan is pleased to host a variety of events on behalf of its members.

- *Fall General Meeting and Conference – December*
- *Saskatchewan Tourism Awards of Excellence Gala – March*
- *Spring General Meeting – April*
- *STEC Tourism PRIDE Dinners – June*
- *Annual Golf Classic – September*

RECOGNITION OF INDUSTRY CONTRIBUTIONS

Industry contributions are goods and services provided to Tourism Saskatchewan by industry partners at a discounted or complimentary rate. These partnerships with both traditional and non-traditional tourism supporters provide significant resources to the organization that allow us to carry out initiatives that wouldn't be possible otherwise. There are two key ways these contributions are provided:

1) Industry Financial Contributions

Reporting of Tourism Saskatchewan's 2000/01 Financial Statements saw the removal of industry in-kind contributions from all reports. However, the importance of industry in-kind support cannot be understated. The chart on page 17 shows these contributions, which are recognized at fair market value.

2) Keeping PACE Commitment

Tourism Saskatchewan provides funding for the present regional structure through the Keeping PACE agreement. Each region is required to match money spent on specific initiatives, such as marketing, with money and value from their specific region. The $1.45 million core funding that Tourism Saskatchewan provides appears in our Financial Statements. The matching value contributed by the regions is significant but does not appear in our financial statements. This value is included in the chart below.

Summary of Industry Contributions and Keeping PACE Commitment

	2001/2002	2000/2001	Variance
Sales & Corporate Development	$966,835	$947,150	$19,685
Marketing	$60,778	$79,896	($19,118)
Membership	$15,546	$13,221	$2,325
Education & Training	$11,400	$15,300	($3,900)
Subtotal	$1,054,559	$1,055,567	($1,008)
Keeping PACE Commitment	$769,552	$749,298	$20,254
Total	$1,824,111	$1,804,865	$19,246

Perspective on Financial Statements

The following Financial Statements provide detailed information about Tourism Saskatchewan's activities of the past year. Where money went and where money came from is there, but the "why" behind some of what you'll find in these statements needs to be clarified here.

Over the past year, Tourism Saskatchewan strategically and intentionally focused on a planned surplus for 2001/2002 with the knowledge that we would be faced with new and incremental obligations like Rendez-vous Canada in 2002/2003 - and knowing that our core budget for the upcoming year would remain static.

FINANCIAL STATEMENTS

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Tourism Authority

AUDITORS' REPORT

Deloitte & Touche

To the Members of
Tourism Authority
o/a Tourism Saskatchewan

We have audited the balance sheet of Tourism Saskatchewan as at September 30, 2002 and the statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at September 30, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Regina, Saskatchewan
October 25, 2002

TOURISM SASKATCHEWAN

Balance Sheet

September 30, 2002

	2002	2001
ASSETS		
CURRENT		
Cash (Note 6)	$2,058,232	$730,514
Accounts receivable	336,925	178,609
GST receivable (Note 4)	18,182	10,504
Inventory	94,571	107,946
Prepaid expenses (Note 3)	206,043	198,425
	2,713,953	**1,225,998**
CAPITAL ASSETS (Note 5)	838,153	1,009,155
	$3,552,106	**$2,235,153**
LIABILITIES and NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	675,159	593,308
Unearned revenue	1,153,218	145,913
Current portion of deferred contributions related to capital assets (Note 7)	-	18,488
Deferred grant contribution (Note 7)	288,125	288,125
Current portion of long term debt (Note 8)	41,237	37,888
	2,157,739	**1,083,722**
LONG TERM		
Leasehold improvement loan (Note 8)	309,786	351,023
	2,467,525	**1,434,745**
NET ASSETS		
Invested in capital assets	487,130	601,756
Internal restrictions:		
Partnership Marketing Fund (Note 9)	80,448	115,702
President's Marketing Advisory Fund (Note 9)	91,008	45,165
Initiatives Fund (Note 9)	451,195	147,000
Unrestricted net assets (deficit)	(25,200)	(109,215)
	1,084,581	**800,408**
	$3,552,106	**$2,235,153**

See accompanying notes to financial statements.

APPROVED BY THE BOARD:

Director

Director

TOURISM SASKATCHEWAN

Statement of Operations and Changes in Net Assets - Unrestricted

Year Ended September 30, 2002

		Unrestricted	
		2002	2001
REVENUE			
Operating Grant - Province of Saskatchewan		$6,915,000	$6,915,000
Other Grants & Contributions		473,452	-
Partnership		532,669	495,893
Education and training		730,732	578,899
Advertising		262,527	265,042
Sales and services (Note 10)		49,890	70,746
Listings		126,541	121,758
Membership		57,941	47,982
Interest and other		28,223	26,085
		9,176,975	**8,521,405**
EXPENSES			
Administration (Schedule 1)		1,210,120	1,150,330
Education and training (Schedule 2)		998,641	816,749
Marketing and advertising (Schedule 3)		4,452,378	4,379,711
Membership and visitor services (Schedule 4)		1,981,635	1,813,790
Board and committees		45,042	32,826
		8,687,816	**8,193,406**
EXCESS OF REVENUE OVER EXPENSES		**$489,159**	**$327,999**
Net invested in capital assets		114,626	(24,497)
Internal Restrictions:			
Partnership Marketing Fund (Note 9)		(80,448)	(115,702)
Initiatives Fund: (Note 9)			
RVC/ Trade Initiative	(175,000)		
Mid-Market Consumer Program	(100,000)		
Industry Structure Review	(25,000)		
Industry Development Sector Study	(75,000)		
Web Marketing Strategy	(14,322)		
Tourism Video Initiative	(50,000)	(439,322)	(147,000)
NET INCREASE TO NET ASSETS		**$84,015**	**$40,800**
NET ASSETS (deficit), OPENING		**$(109,215)**	**$(150,015)**
NET ASSETS (deficit), ENDING		**$(25,200)**	**$(109,215)**

See accompanying notes to financial statements.

TOURISM SASKATCHEWAN

Statement of Operations and Changes in Net Assets

Year Ended September 30, 2002

	Unrestricted Operations	Invested in Capital Assets	Internally Restricted for Partnership Marketing	Internally Restricted for President's Marketing Advisory	Internally Restricted Initiatives	Total 2002	Total 2001
REVENUE							
Operating Grant-Province of Saskatchewan	$6,915,000	-	-	-	-	$6,915,000	$6,915,000
Other Grants & Contributions	473,452	-	-	-	-	473,452	-
Partnership	532,669	-	-	-	-	532,669	495,893
Education & training	730,732	-	-	-	-	730,732	578,899
Advertising	262,527	-	-	-	-	262,527	265,042
Sales & services (Note 10)	49,890	-	-	-	-	49,890	70,746
Listings	126,541	-	-	-	-	126,541	121,758
Membership	57,941	-	-	-	-	57,941	47,982
Interest & other	28,223	-	-	-	-	28,223	26,085
	9,176,975	-	-	-	-	9,176,975	8,521,405
EXPENSES							
Administration (Schedule 1)	1,210,120	-	-	-	135,127	1,345,247	1,150,330
Education & training (Schedule 2)	998,641	-	-	-	-	998,641	816,749
Marketing & advertising (Schedule 3)	4,452,378	-	69,859	-	-	4,522,237	4,415,926
Membership & visitor services (Schedule 4)	1,981,635	-	-	-	-	1,981,635	1,813,790
Board & committees	45,042	-	-	-	-	45,042	32,826
	8,687,816	-	69,859	-	135,127	8,892,802	8,229,621
EXCESS OF REVENUE OVER EXPENSES	**$489,159**	**-**	**(69,859)**	**-**	**(135,127)**	**$284,173**	**$291,784**
Net Assets (deficit), beginning	(109,215)	601,756	115,702	45,165	147,000	800,408	508,624
Interfund transfers	114,626	(114,626) (1)	(45,843)	45,843	-	-	-
Internally imposed restrictions	(519,770)	-	80,448	-	439,322	-	-
NET ASSETS (deficit), ENDING	**$(25,200)**	**487,130**	**80,448**	**91,008**	**451,195**	**$1,084,581**	**$800,408**

See accompanying notes to financial statements.

(1) Consists of:

Depreciation expense	$235,680
Write-down of capital asset	58,310
less amortization of deferred contributions related to capital assets (Note 7)	(18,488)
Repayment of leasehold improvement loan	(37,888)
Purchase of capital assets with unrestricted resources	(122,988)
Increase in net assets invested in capital assets	**$114,626**

TOURISM SASKATCHEWAN

Statement of Cash Flows

Year Ended September 30, 2002

	2002	2001
Cash from operating activities		
Excess of revenue over expenses	$489,159	$327,999
Add (deduct) items not requiring the use of cash:		
Depreciation of capital assets	235,680	230,428
Write-down of capital asset	58,310	-
Use of net assets restricted for Initiatives Fund	(135,127)	-
Amortization of deferred contributions related to capital assets (Note 7)	(18,488)	(18,488)
	629,534	**539,939**
Net change in non-cash working capital items (Note 12)	928,919	472,292
Net cash generated from operating activities	**1,558,453**	**1,012,231**
Cash from investing activities		
Purchase of capital assets	(122,988)	(189,126)
Expenditures from Partnership Marketing Fund	(69,859)	(36,215)
Net cash used in investing activities	**(192,847)**	**(225,341)**
Cash from financing activities		
Repayment of leasehold improvement loan	(37,888)	(34,811)
Net cash generated from (used in) financing activities	**(37,888)**	**(34,811)**
Net increase in cash	**1,327,718**	**752,079**
Cash (bank indebtedness), beginning of year	730,514	(21,565)
Cash, end of year	**$2,058,232**	**$730,514**

See accompanying notes to financial statements.

TOURISM SASKATCHEWAN

Notes to the Financial Statements

Year Ended September 30, 2002

1. DESCRIPTION OF BUSINESS

The Tourism Authority, operating as Tourism Saskatchewan (the "Authority"), was incorporated as a non-profit organization under the Tourism Authority Act and commenced operations on October 1, 1994. The Authority was formed to promote and develop tourism in Saskatchewan on behalf of the tourism industry and the Government of Saskatchewan. Certain assets were transferred to the Authority from the Government of Saskatchewan, Department of Economic Development and Saskatchewan Property Management Corporation (SPMC).

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

a) Revenue Recognition

The Authority follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated, collection is reasonably assured and the expenses relating to the contribution are incurred.

b) Inventory

Inventory is valued at the lower of cost and net realizable value.

c) Capital Assets

Capital assets are recorded at cost and depreciated over their estimated useful lives. Leasehold improvements are depreciated over the lease terms. Depreciation is calculated using the straight-line method at the following annual rates:

Photo library	10%
Furniture & equipment	10% to 20%
Computer equipment	33%
Central Reservation System	13%
Leasehold improvements	10% to 20%
Signs & displays	20%

2. Significant Accounting Policies (Cont'd)

d) Unearned Revenue

Advertising and listing amounts received, which are related to future publications, are recorded as unearned revenue.

e) Income Taxes

The Authority is incorporated as a non-profit organization and is exempt from income taxes.

f) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

3. PREPAID EXPENSES

The Authority entered into a contract with Industry and Resources to enable tourism destination regions to undertake a web development project. Prepaid expenses include $18,837 for advances to tourism destination regions. Included in prepaid expenses is $134,573 of accrued expenses that relate to September 30, 2003.

4. GST RECEIVABLE

The Authority claims goods and services input tax credits based upon its level of staff time devoted to generating GST taxable supplies. For the year ended September 30, 2002, the applicable rate was 70%. Purchases of goods for resale are eligible for 100% input tax credits.

GST receivable is net of any GST payable.

TOURISM SASKATCHEWAN

Notes to the Financial Statements

Year Ended September 30, 2002

5. CAPITAL ASSETS

	Cost	Depreciation	2002	2001
Photo library	$455,693	149,818	$305,875	$273,131
Furniture and equipment	353,779	200,504	153,275	182,466
Computer equipment	446,345	406,741	39,604	61,186
Central Reservation System	-	-	-	85,979
Leasehold improvements	454,795	125,243	329,552	375,064
Signs and displays	107,409	97,562	9,847	31,329
	$1,818,021	**$979,868**	**$838,153**	**$1,009,155**

6. CASH

The Authority has access to the following operating line of credit limits, repayable on demand with interest paid monthly at the TD Bank prime rate.

Base operating limit	$500,000

7. DEFERRED CONTRIBUTIONS

Deferred Grant Contribution

Deferred grant contribution represents the accelerated receipt of an operating grant payment from Industry and Resources. Pursuant to the $6,915,000 annual funding agreement, the payment schedule was revised during the 1998/99 fiscal year. The transition to the revised payment schedule resulted in an accelerated payment of $288,125 being received before the Authority's 1998/99 fiscal year end. $288,125 of the annual receipts will continue to be deferred to maintain a level of operating grant revenue consistent with the annual funding agreement.

Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent contributions received for the purpose of purchasing capital assets for specific projects. During the 1999/00 fiscal year, $55,464 of contributions for the purchase of capital assets had been deferred. The contributions are being recognized on the same basis as the related capital assets are depreciated. During the year, $18,488 of the deferred contribution related to capital assets has been recognized as a reduction to depreciation expense.

TOURISM SASKATCHEWAN

Notes to the Financial Statements

Year Ended September 30, 2002

8. LONG TERM LIABILITIES

	2002	2001
Leasehold Improvement Loan		
Leasehold improvement loan due December 31, 2009 with an interest rate of 8.5%, repayable in monthly installments of $5,791 including principal and interest, secured by leasehold improvements and other capital assets.	$351,023	388,911
Less due within one year	(41,237)	(37,888)
	$309,786	**$351,023**

9. INTERNALLY RESTRICTED NET ASSETS

a) Partnership Marketing Fund

The Authority has entered into contracts with the tourism regions and industry partners to provide funds for eligible marketing activities to be carried out subsequent to the year-end. During the year, the Authority's board of directors internally restricted $80,448 ($115,702 in 2001) of unrestricted net assets, the maximum amount remaining to be paid out pursuant to these contracts and subject to the regions and partners incurring eligible marketing expenditures by November 30, 2002. These internally restricted amounts are not available for other purposes without approval of the board of directors.

Changes to the balance of net assets restricted for the Partnership Marketing Fund are as follows:

	2002	2001
Beginning balance	$115,702	$51,626
Less expenditures incurred during the year on regional and industry partner marketing activities	(69,859)	(36,215)
Less funds transferred to President's Marketing Advisory Fund representing unspent marketing funds from previous year's marketing contracts	(45,843)	(15,411)
Add internally imposed restrictions during the year	80,448	115,702
Ending balance	**$80,448**	**$115,702**

9. Internally Restricted Net Assets (Cont'd)

b) President's Marketing Advisory Fund

During the year, the Authority's board of directors internally restricted $45,843 ($15,411 in 2001) for the President's Marketing Advisory Fund (formally known as the Provincial Marketing fund). The CEO of Tourism Saskatchewan determines provincial marketing campaigns in consultation with the President's Marketing Advisory Council. The amount represents unspent marketing funds from the 2000/2001 marketing contracts with the tourism regions and industry partners and is being restricted for this purpose consistent with the recommendation presented in the renewal of the "KEEPING P.A.C.E." agreement of April 2002. These internally restricted amounts are not available for other purposes without approval of the board of directors.

Changes to the balance of net assets restricted for the President's Marketing Advisory Fund are as follows:

	2002	2001
Beginning balance	$45,165	$29,754
Add internally imposed restrictions during the year	45,843	15,411
Less expenditures incurred during the year on provincial marketing campaigns	-	-
Ending balance	**$91,008**	**$45,165**

c) Initiatives Fund

During the year, the Authority's board of directors internally restricted $439,322 ($147,000 in 2001) of unrestricted net assets for the Initiatives Fund, which include activities for trade initiatives, marketing, industry development, and video development purposes. These internally restricted amounts are not available for other purposes without approval of the board of directors.

10. RETAIL SALES

Retail sales are shown net of cost of goods sold of $91,726 ($87,820 in 2001).

TOURISM SASKATCHEWAN

Notes to the Financial Statements

Year Ended September 30, 2002

11. COMMITMENTS

Leases

The Authority has entered into leases for office premises in Regina and Saskatoon and Visitor Information Centres at various locations in the province. The future minimum lease payments are as follows:

2003	$265,675
2004	180,062
2005	176,167
2006	177,463

12. CHANGES IN NON-CASH WORKING CAPITAL ITEMS

	2002	2001
Accounts receivable	$(158,316)	$227,433
GST receivable	(7,678)	37,174
Inventory	13,375	61,607
Prepaid expenses	(7,618)	61,822
Accounts payable and accrued liabilities	81,851	41,135
Unearned revenue	1,007,305	43,121
	$928,919	**$472,292**

13. COMPARATIVE FIGURES

Certain of prior year's comparative figures have been reclassified to conform to the current year's presentation.

TOURISM SASKATCHEWAN

Schedule of Expenses

Year Ended September 30, 2002

ADMINISTRATION EXPENSES SCHEDULE 1

	Unrestricted Operations	Internally Restricted Initiatives	Total 2002	2001
Bad debts	$861		$861	$680
Building rental	35,782		35,782	35,840
Depreciation	19,548		19,548	19,801
Equipment rental	12,128		12,128	24,476
Insurance	11,840		11,840	11,505
Interest and bank charges	38,330		38,330	45,881
Legal	5,592		5,592	7,065
Postage	25,131		25,131	22,527
Professional services	42,825	60,127	102,952	83,139
Repairs and maintenance	7,070		7,070	6,392
Salaries and benefits	911,707	75,000	986,707	787,232
Stationery and supplies	26,624		26,624	24,614
System consulting/development	28,291		28,291	45,115
Telephone	11,250		11,250	11,577
Travel	33,141		33,141	24,486
	$1,210,120	**$135,127**	**$1,345,247**	**$1,150,330**

See accompanying notes to financial statements.

EDUCATION AND TRAINING EXPENSES SCHEDULE 2

	2002	2001
Building rental	$51,961	$53,759
Depreciation	31,493	29,698
Professional services	10,052	20,666
Salaries and benefits	593,433	504,351
STEC training costs	250,051	169,116
Travel	61,651	39,159
	$998,641	**$816,749**

See accompanying notes to financial statements.

TOURISM SASKATCHEWAN

Schedule of Expenses

Year Ended September 30, 2002

MARKETING AND ADVERTISING EXPENSES SCHEDULE 3

	Unrestricted Operations	Internally Restricted	Total 2002	2001
Advertising and media publicity	$1,349,443		$1,349,443	$1,340,321
Association and professional dues	15,441		15,441	15,054
Audio visual supplies	4,550		4,550	4,293
Courier and freight	31,678		31,678	26,919
Depreciation	52,777		52,777	51,605
Partnership Marketing Fund	1,369,653	69,859	1,439,512	1,326,619
Postage	25,130		25,130	22,527
Professional services	193,853		193,853	182,045
Promotional items	22,269		22,269	39,887
Salaries and benefits	935,868		935,868	952,136
Subscriptions and reference material	5,109		5,109	5,883
Telephone	18,210		18,210	18,744
Travel	224,769		224,769	200,344
	$4,452,378	**$69,859**	**$4,522,237**	**$4,379,711**

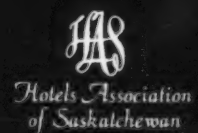
See accompanying notes to financial statements.

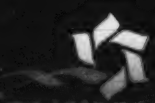
MEMBERSHIP & VISITOR SERVICES EXPENSES SCHEDULE 4

	2002	2001
Building rental	$166,461	$172,372
Depreciation	113,374	110,836
Postage	263,418	220,414
Printing, publishing and duplication	88,694	74,446
Professional services	58,205	-
Salaries and benefits	698,055	658,429
Telephone	52,129	55,708
Travel	24,166	18,798
Travel literature	517,133	502,787
	$1,981,635	**$1,813,790**

See accompanying notes to financial statements.

PROUD PARTNERS IN TOURISM





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